

Tourism is the backbone of Jammu and Kashmir Economy- Hoax or Reality!

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ABSTRACT

Tourism is an important agent in the socio-economic development in the modern times, contributing in numerous ways and reinforce the inter-connected processes. Tourism is one of the industries which plays an important role in the development and generates foreign revenues. It also provides jobs for the local residents, further benefiting the destination. The state of Jammu and Kashmir has a growing economy, and promoting itself as a culturally rich and diverse region, its tourism industry now brings billions of dollars into the economy each year. Tourism is the key sector of Jammu and Kashmir's economy and accounts for 6.98 per cent of the state's GDP. The Valley of Kashmir, also known as the "Paradise on Earth" is among the most important tourist destinations of the globe. The growth in the tourism industry in the region is due to the rise in tourist arrivals and diversification of tourism product. The present paper highlights the role of tourism industry on economic development in J&K by examining the different parameters such as employment generation, development of infrastructure and State Gross Domestic Product (SGDP). It is found that despite being a leading industry of J&K, tourism industry has not been developed optimally so as to harness its economic benefits. Emphasis needs to be put on the rich heritage and culture, great hospitality and beautiful landscape which provide a unique tourism product in the State.

Key Words – Econometric Analysis; Tourism; J&K; GDP; Economy; Infrastructure

I INTRODUCTION

Tourism is an important agent in the socio-economic development in the modern times, contributing in numerous ways and reinforce the inter-connected processes. Although frequently depicted as panacea for several evils such as underdevelopment, unemployment, poverty eradication, social discrimination and so on; its impact in creating a global as well as regional socio-political peaceful situation for co-existence of the cultures and societies has been equally documented at various levels. [1] Throughout the globe, tourism brings money to

cities and countries. Tourism also provides jobs for the local residents, further benefiting the destination. The World Travel & Tourism Council calculated that tourism generated INR 6.4 trillion (6.6% of the nation's GDP) in 2012. It supported 39.5 million jobs (7.7% of its total employment). The sector is predicted to grow at an average annual rate of 7.9% from 2013 to 2023. [2] In Jammu and Kashmir, the northern most state of India, tourism has been identified as an industry with potential of development next to agriculture and horticulture. The state of Jammu and Kashmir has realized the profits available from this sector. Thanks to its growing economy and promoting itself as a culturally rich and diverse region, Jammu and Kashmir's tourism industry now brings billions of dollars into the economy each year. The growth in the tourism industry is due to the rise in the arrival of more and more foreign tourists and the increase in the number of domestic tourists. [3] Jammu and Kashmir (J&K) also known as, "Paradise on Earth" because of its unmatched scenic beauty, attractive landscapes, is among the most important tourist destinations of the world. J&K is to the Himalayas what Switzerland is to the Alps. It is also called as the, "Switzerland of East". J&K consists of three regions viz. Jammu, Kashmir and Ladakh. All these regions are well known for tourism potential all around the world. [4] Jammu, also known as, "City of Temples" is an important destination for pilgrimage tourism. Some of the famous pilgrimage sites located here are Vaishno Devi Temple, Raghunath Temple and Bahu Fort which attract tourists from across the world. Kashmir, known for its enormous natural beauty and landscape, pleasant weather and rich heritage has been one of the most preferred tourist destinations for over centuries now. [5] Travellers from every nook and corner of the world are visiting Kashmir. It is the main route of cultural and commercial intercourse between India and East. It provides opportunities for Eco-tourism, Adventure tourism, Pilgrimage tourism and medical tourism. [6] Important sites here are Pahalgam, Gulmarg, Sonmarg, Dallah, Wularlake, Amaranth cave and Mughal gardens. Ladakh, also known as, "Moon on Earth" with its naked peaks and barren lands is a famous destination for adventure tourism, known across the world. [7] Tourism holds a strategic place in J&K economy by providing economic benefits like Employment, Foreign Exchange, Infrastructure development and development of local industries like Handicrafts and Handlooms which has placed J&K always in the limelight at the national as well as international level. [8]

II OBJECTIVES OF THE STUDY

1. To find out the impact of tourism in the economic development of J&K.
2. To analyse the role of tourism in employment and income generation, and infrastructure and regional development.
3. To find out the SWOT analysis of Jammu & Kashmir tourism.
4. To provide some feasible suggestions that may prove valuable for the future development of tourism in J&K.

III MATERIAL AND METHODOLOGY

This paper evaluates the contribution and performance of tourism in Jammu and Kashmir economy and also examines relationship between tourism and economic growth in the state using Ordinary Least Square (OLS) regression equation. Two Ordinary Least Square (OLS) regression equations have been estimated for examining impact of latter on former. First equation specifies linear relationship between economic growth (dependent variable) and tourism (independent variable) in Jammu and Kashmir economy during concerned period. Another regression equation specifying linear relation between tourism (dependent variable) and economic growth (independent variable) in state of Jammu and Kashmir during concerned period has been estimated for the impact of economic growth on tourism activities in state economy. In view of the specific objectives, methodology followed in carrying out the present study involved mainly the use of data from secondary sources, collected from various organisations and govt. offices like United Nations World Tourism Organisation, World Travel and Tourism Council, Ministry of Tourism-GOI, Jammu and Kashmir Tourism Development Corporation and Directorate of Tourism (Jammu/Kashmir), Annual Economic survey of J&K, United Nations World Tourism Organisation, World Travel and Tourism Council.

IV RESULT AND DISCUSSION

Tourism as a mode of economic activity holds a very important position in Jammu and Kashmir economy. Due to the mountainous nature of its land, the scope for agriculture is limited. A low level of infrastructure development and a handicapped resource base makes the climate for industrial production miserable. Nevertheless, tourism as a viable catalysing economic force is playing a very significant role in the local economy although the recent trends of this industry are not so impressive for various reasons. The state of Jammu and Kashmir in which nature has endowed with plentiful beauties in the shape of its dusk green meadows, high snow-capped mountains, gushing streams and sprouting springs, a salubrious climate, sacred places of solace and mental peace, beautiful gardens, lush-green forests, perennial rivers, pilgrimage centers, historical places etc., which are of great attraction for tourists, mountaineers, trackers, pilgrims etc. The state has been an unending attraction of visitors down the ages. Unfortunately, it is one of the most economically backward parts of India, having all characteristics of an underdeveloped economy. But fortunately, state has occupied an important place in the world. Due to the vast tourism resources in the state, the state depends heavily on the tourism industry. According to the estimates of Tourism Department of Jammu & Kashmir, 33 percent of the state's population is directly or indirectly connected with this activity contributing 16 percent of the state's domestic product.

There is no doubt that the contribution of tourism to Jammu and Kashmir economy is far more substantial than it is to the economy of India as a whole. Jammu And Kashmir State is unique tourist destination and offers the attractions for diverse type of tourists as Jammu is known for Pilgrims, Kashmir is known for scenic beauty and Ladakh is known for adventurous activities. This kind of uniqueness is seen only in case of Jammu and Kashmir State in the country. The state has a large tourist potential as compared to the other sectors like industrial

development which has not been possible due to peculiar characteristics that posture special developmental challenges. Another main sector of the state i.e., agriculture has its own limitations like single crop season and small size of land holdings. In this backdrop, the tourism offers scope for regional development. Thus, better management of tourism while treating tourism as an 'industry' along with agricultural and industrial development need attention of not only policy makers but also of researchers and economists to find out ways and means to improve the tourist flow to the state. With increased tourist facilities in terms of different socio-economic and marketing indicators, tourism can reach the vast chunk of the population. This requires planning, promotion, marketing and creating favourable environment, so that tourism development can play a major role in the economic development of the state.

V TOURISM AND ECONOMIC DEVELOPMENT IN J&K

Jammu & Kashmir has a tremendous potential to become a major global tourist destination. Importance of tourism in J&K economy is known for decades now and its role in economic development has been an area of great interest from policy perspective. It is estimated that almost 13 million tourists visited J&K in 2012 which placed J&K on 17th position where as Andhra Pradesh has ranked first in the list of major tourist destinations of India.

VI TOURISM AND EMPLOYMENT GENERATION:

Tourism has played an important role in the employment generation from past with a great potential to increase it further in the coming decades. [9] Wilson and John (2001) in their study found that tourism provided income and employment opportunities to the local people in rural areas. J&K possesses lot of tourist attractions in the form of Pilgrimage, Leisure, Heritage and Eco-tourism with enormous scope to transform the whole economy as a tourist driven economy by providing jobs through trickling down effect. Being a labour intensive industry, its scope in employment generation is vast and the level of investment required here is low as compared to the other sectors of the economy. As per World Travel and Tourism Council (WTTC) estimates, an investment of rupees 10 lac in travel and tourism industry will generate about 90 jobs which are much higher than its competing sectors like Agriculture and Manufacturing which generate 45 & 13 jobs per rupees 10 lac respectively.

Tourism in J&K is a multi -segmental industry by providing different types of jobs like hotel managers, guides, tour operators, chefs etc which further strengthens the J&K economy by increasing income and standard of living of the people. [10]

Broadly tourism generated employment may be classified in to three major heads one is direct employment that sell goods and services directly e.g. hotels, restaurants, shops etc. Second one is indirect employment, which generally supplies goods, services to the tourism business and thirdly investment related employment in construction and other capital goods industries. [11] Santek Consultants Private Limited, Delhi, in her report "20

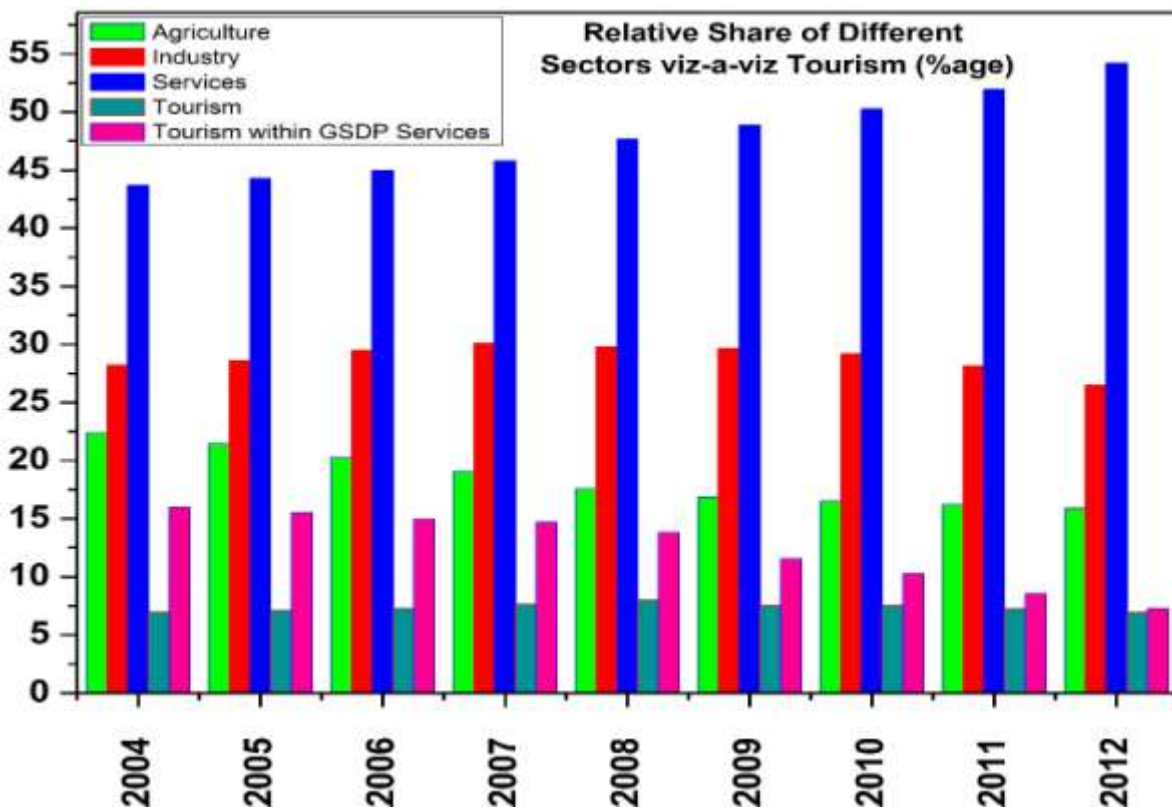
years perspective plan for the sustainable development of tourism in the State of J & K” projected impact of tourist inflow on employment generation of J&K from 2002 to 2020 which is presented in **table 1** and **figure1**.

Table 1. Generation of Employment on Implementation of Tourism Development Plan

Year	Direct Employment (in lacss)	In-Direct Employment (in lacs)	Total employment
2002	1.57075	7.85375	9.4245
2003	1.68575	8.42875	10.1145
2004	1.809	9.045	10.854
2005	1.9415	9.7075	11.649
2006	2.084	10.42	12.504
2007	2.237	11.185	13.422
2008	2.4015	12.0075	14.409
2009	2.57825	12.89125	15.4695
2010	2.76825	13.84125	16.6095
2011	2.97275	14.86375	17.8365
2012	3.1925	15.9625	19.155
2013	3.429	17.145	20.574
2014	3.6835	18.4175	22.101
2015	3.95725	19.78625	23.7435
2016	4.25225	21.26125	25.5135
2017	4.5695	22.8475	27.417
2018	4.9115	24.5575	29.469
2019	5.28	26.4	31.68
2020	5.677	28.385	34.062

Source: Santek Consultants Pvt. Ltd. New Delhi.

The upward sloping curves in the figure 1 show that there is a positive impact of tourist inflow on employment i.e. with the increase in tourist inflow, total employment (Direct & Indirect) also rises. It means that if the current trend continues, total employment would reach to 34.06 lac from a tourist inflow of 227.08 lakhs till 2020. However it is important to note here that in order to meet the needs of such tourist inflow, there is a need to carry forward the developmental process in a coordinated manner. [12]



VII TOURISM AND INCOME GENERATION

The contribution of tourism in overall GSDP and services GSDP of Jammu and Kashmir in terms of value and relative share during the period from 2004-05 to 2012-13 is shown in **table 2**. [13] The importance of tourism sector has been highlighted using Hotels, trade & Restaurant (In Rs. Millions) as proxy because this indicator constitutes the income of various stakeholders working in tourism sector especially. [14] Contribution of tourism to GSDP in value terms has increased from Rs. 190945 million in 2004-05 to Rs. 299924 million in 2012-13 with an average increase of Rs. 2566420 million. Growth of tourism has found to be of 6.34 per cent during study period which is termed to be the lowest in comparison with other sectors of the state economy. [15] However relative share of tourism in GSDP remained fluctuating from 6.99 per cent to 8.04 per cent during the study period, but it constitutes significant portion of on an average of 7.37 per cent of state GSDP. Relative share of tourism in service sector also declined from 15.99 per cent in 2004 - 05 to 7.26 per cent in 2012-13. Besides deceleration in terms of declining share, this sector constitutes significant part (12.50 per cent) of service sector GSDP on an average during the study period. [16] Hence, it is concluded that tourism both in terms of value and share constitutes significant portion in overall GSDP and services sector GSDP, however contribution has been declining continuously. Some natural disaster in State and unrest may be some of the reason for disappointing performance of this sector especially during later two years. In overall, results make a

strong case for serious attention at policy level by centre and state governments so as to improve its performance. [17]

Table 2: Growth and Contribution of Tourism in Jammu and Kashmir during the period from 2004-05 to 2012-13: Comparative view

Year	GSDP (in Rs. Millions)	Agriculture (in Rs. Millions)	Industry (in Rs. Millions)	Services (in Rs. Millions)	Tourism (in Rs. Millions)	% Share of Tourism in Overall GSDP
2004-05	2730460	610030	770800	1193510	190945	6.99
2005-06	2991990	641060	856080	1324800	205637	7.11
2006-07	3323010	672450	979470	1494900	223651	7.30
2007-08	3709680	706320	1116500	1698610	249482	7.66
2008-09	4231480	742910	1261350	2017440	278736	8.04
2009-10	4838450	815460	1435300	2365770	272839	7.53
2010-11	5697590	938760	1662400	2863970	294836	7.53
2011-12	6597870	1068830	1856860	3426380	293727	7.23
2012-13	7611530	1208000	2017410	4126240	299924	6.95
Average	4636900	822650	1328460	2279070	256642	7.37
Average Annual Growth Rate						
2004-05 to 2012-13	13.88	8.76	13.20	17.40	6.34	-

Source: Centre for Monitoring Indian Economy, New Delhi and India stat Database

The analysis of Table 3 reveals the contribution of agriculture, industry, service and tourism sector in the Gross State Domestic Product of Jammu and Kashmir from 2004-05 to 2012-13. As shown in above tables, GSDP of the different sectors of the Jammu and Kashmir in value terms has shown an increasing trend, but the percentage shares showed fluctuating trends. The relative share of agriculture in overall GSDP decreased from 22.34 per cent to 15.87 per cent during 2004-2013. The contribution of the industry has increased in value terms but its relative share in GSDP decreased from 28.23 per cent to 26.5 per cent during same period on the other, GSDP of the service sector has increased and its relative share in overall GSDP also increased from 43.71 per cent to 54.21 per cent from 2004 - 05 to 2012 - 13. Relative share of tourism has increased up to 2008 - 09, but since then it has been continuously declining. Being a sub-sector, this constitutes a significant portion (7.37 per cent) of state income during the period which cannot be ignored anyway. Having vast potentials of tourism development in the state, it is very disappointing trend which demands dire need of identifying factor responsible for this so that it can contribute more in state income and employment in the future. [18]

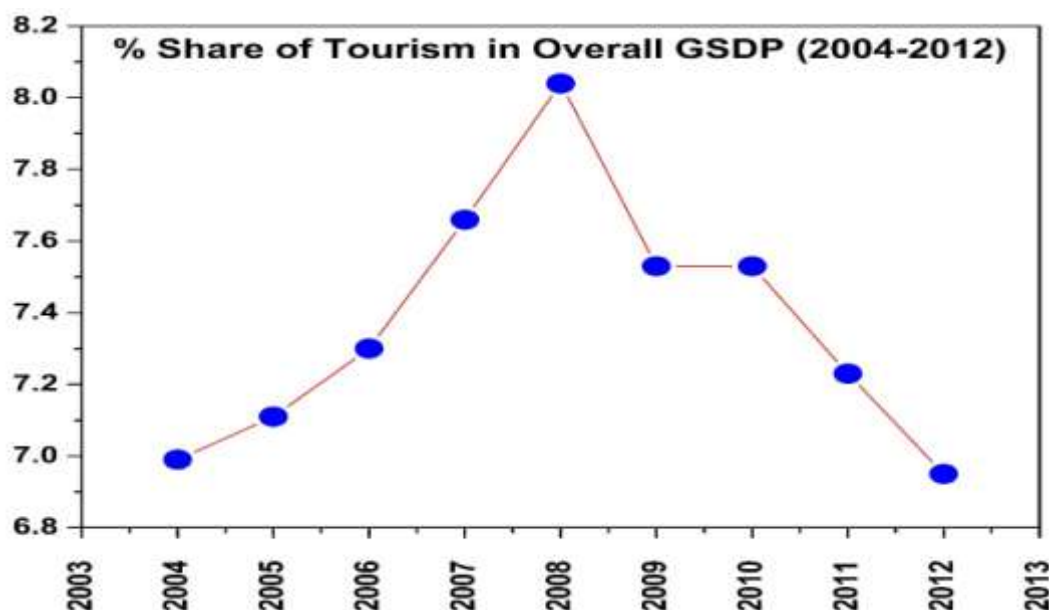


Table 3: Relative Shares of Different Sectors viz-a-viz Tourism in Jammu and Kashmir Economy during 2004-05 to 2012-13: Comparative View

Year	Agriculture (% Share)	Industry (%Share)	Services (% Share)	Tourism (% share)	Tourism within GSDP Services (% Share)
2004-05	22.34	28.23	43.71	6.99	15.99
2005-06	21.43	28.61	44.28	7.11	15.52
2006-07	20.24	29.48	44.99	7.30	14.96
2007-08	19.04	30.10	45.79	7.66	14.68
2008-09	17.56	29.81	47.68	8.04	13.81
2009-10	16.85	29.66	48.90	7.53	11.53
2010-11	16.48	29.18	50.27	7.53	10.26
2011-12	16.20	28.14	51.93	7.23	8.57
2012-13	15.87	26.50	54.21	6.95	7.26
Average	18.44	28.86	47.97	7.37	12.50

Source: Indiatat Database

The analysis of Table 4 highlights the revenue generated by different departments/organizations from tourism (in Rs. millions) in Jammu and Kashmir from 2004 - 05 to 2012 - 13. The total revenue generated from the different departments/ organizations has increased from Rs. 208.19 million to Rs. 469.29 million from 2004 -05 to 2012 - 13. All the departments/ organizations realised an increase in their revenue except Sonamarg Development Authority (SDA) and Patnitop Development Authority (PDA) during the period. Among departments/ organizations, the revenue generated is found to be higher in case of Royal Spring Golf Course (RSGC) and Jammu and Kashmir Tourist Development Corporation (JKTDC). The growth of the revenue earned by the different departments/ organizations from 2004 - 05 to 2011 - 12 is 15.67 per cent. [19] Growth of revenue earned by different departments/ organizations was found to be 92.53 per cent in case of DTK/J, 18.61

per cent of SKICC, 79.50 per cent of GDA, 63.18 per cent of PDA*, -3.91 per cent of SDA, 17.04 per cent of PDA, 1.27 per cent of RSGC, 72.14 per cent of CCC, and 4.62 per cent of J&K TDC during concerned period. [20] Therefore, it is held that all the departments and organisation have registered manifold increase in revenue earned from tourism during concerned period and the growth of the revenue earned by the departments from tourism was found to be quite higher. [21]

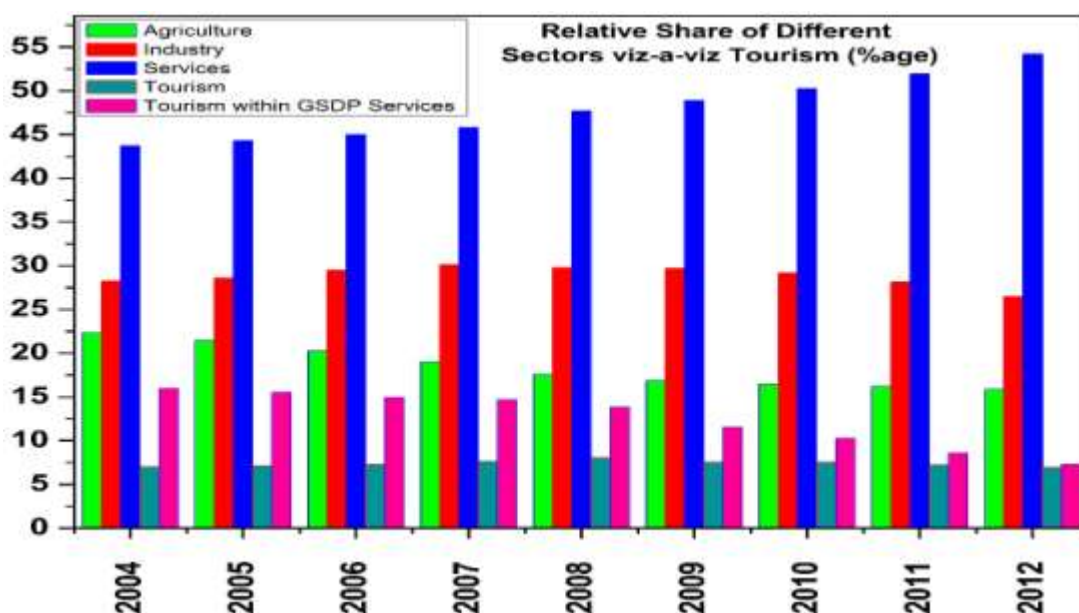


Table 4: Revenue Generated by Different Departments/Organisation from Tourism in J&K (In Rs. millions)

Deptt./ Organization	DTK/J	SKICC	GDA	PDA*	SDA##	PDA**	RSGC	C C C	J & K TDC	Total
2004-05	1.14	4.60	1.97	0.51	0.00	1.10	5.72	28.90	164.24	208.19
2005-06	1.48	4.93	2.18	0.91	1.37	1.01	3.50	75.44	179.64	270.50
2006-07	3.52	5.20	3.24	0.99	3.63	1.56	3.47	67.60	176.53	265.77
2007-08	6.20	6.40	4.85	1.90	3.25	7.90	5.00	79.88	176.30	291.69
2008-09	5.40	7.12	5.11	1.27	4.50	2.00	4.56	83.91	196.30	310.19
2009-10	5.66	6.50	3.43	0.66	3.90	1.95	4.42	111.60	189.40	327.54
2010-11	7.26	1.10	3.73	0.23	7.94	3.00	6.43	124.80	269.75	436.26
2011-12	9.63	11.45	1.45	0.31	1.00	2.60	6.31	195.70	225.00	469.29
Average	5.03	7.15	4.87	1.46	3.00	26.41	4.93	95.97	197.14	322.43
Average Annual Growth Rates										
2004-05 to 2011-12	92.53	18.61	79.50	63.18	-3.91	17.04	1.27	72.14	4.62	15.67

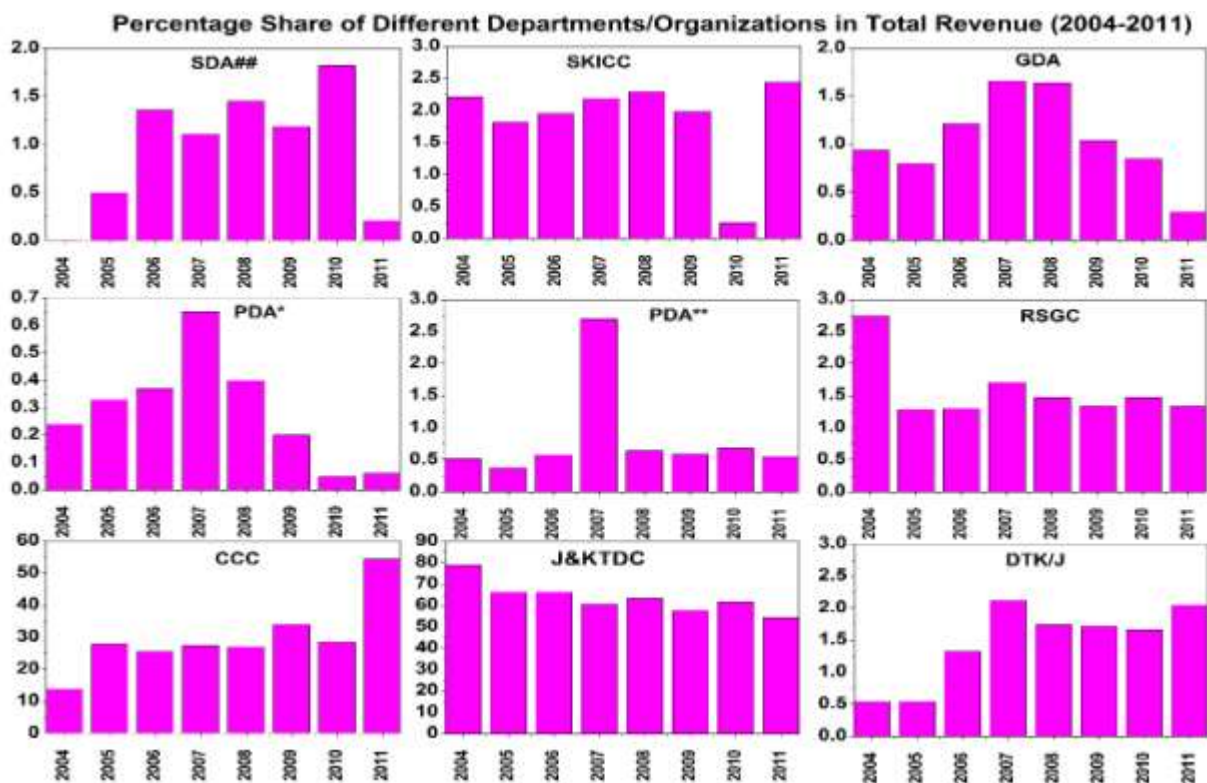
Source: Indiatat Database

Note: DTK/J denotes "Director Tourism Kashmir/ Jammu", SKICC denotes "Sher-i-kashmir international convention centre", GDA represents "Gulmarg development Authority", PDA* denotes "Pahalgam development Authority", SDA denotes "Sonamarg development Authority", PDA** denotes "Patnitop development Authority", RSGC denotes "Royal Spring Golf Course", CCC denotes "Cable Car Corporation", J & K TDC denotes "Jammu & Kashmir Tourism Development Corporation"

Table 5: Percentage Share of Different Departments/Organizations in Total Revenue Earned in Jammu and Kashmir from 2004-05 to 2012-13 in millions.

Deptt./ Organization	DTK/J	SKICC	GDA	PDA*	SDA##	PDA**	RSGC	C C C	J & K TDC	Total
2004-05	0.54	2.21	0.94	0.24	0.01	0.52	2.74	13.88	78.88	100
2005-06	0.54	1.82	0.80	0.33	0.50	0.37	1.29	27.88	66.41	100
2006-07	1.32	1.95	1.21	0.37	1.36	0.58	1.30	25.43	66.42	100
2007-08	2.12	2.19	1.66	0.65	1.11	2.70	1.71	27.38	60.44	100
2008-09	1.74	2.29	1.64	0.40	1.45	0.64	1.47	27.05	63.28	100
2009-10	1.72	1.98	1.04	0.20	1.19	0.59	1.34	34.07	57.82	100
2010-11	1.66	0.25	0.85	0.05	1.82	0.68	1.47	28.60	61.83	100
2011-12	2.05	2.44	0.30	0.06	0.21	0.55	1.34	54.33	54.33	100
Average	1.46	1.89	1.05	0.28	0.95	0.82	1.58	29.82	63.67	100

Source: Indiatat Database



VIII TOURISM INCOME AND ECONOMIC GROWTH IN JAMMU AND KASHMIR: AN ECONOMETRIC ESTIMATION

Empirical evidences on relation and causality between tourism and economic growth in various developing and developed economies of world state that there is a strong bi-directional causality between these two. [22] Similar relation has been examined in case of Jammu and Kashmir economy through Ordinary Least Square Regression (OLS) equations

Table 6: Impact of Economic Growth on Tourism Expansion in Jammu and Kashmir

Dependent variable: Tourism Expansion (In Rs. Millions) Independent variable: State GSDP as proxy of
Economic Growth (In Rs. Millions)

Constant	Coefficient	p-value	R2	Adjusted-R2	D-W Statistics	F-test	Standard Error of estimate
2.504 [5.679] (0.001)	0.437 [6.578] (0.000)	0.000	0.861	0.841	0.695	43.272	0.0292

Note: Figures in large brackets [] are t-statistics and in () level of significance

Source: Authors' Calculations

Table 6 shows the impact of economic growth on income from tourism in case of Jammu and Kashmir. Results relating to model fit show that there is no auto-correlation in data as value of D-W statistics (0.695) is less than two. The value of R-square (0.861 per cent) signifies ideal model fit and also indicates that 79 per cent variation in income from tourism is explained by economic the single variable namely economic growth in this analysis. The p-value (0.000) reveals the significance of results at 0 percent level. Value of Regression Coefficient has found to be 0.437 which is statistically significant at 0 per cent level. This confirms positive elasticity of income from tourism with economic growth in Jammu and Kashmir. Moreover high value of r-square (0.861) also indicates towards strong positive correlation between tourism expansion and economic growth. Therefore, it is concluded that economic growth has significant impact on tourism expansion in Jammu and Kashmir during the study period.

Table 7: Impact of Income from Tourism on Economic Growth in Jammu and Kashmir.

Dependent variable: State GSDP as proxy of Economic growth (In Rs. Millions) Independent
Variable: Income from Tourism (n Rs. Millions)

Constant	Coefficient	p-value	R2	Adjusted-R2	D-W Statistics	F-test	Standard Error
- 4.01 [-2.477] (0.042)	1.971 [6.578] (0.000)	0.000	0.861	0.841	0.634	42.272	0.062

Note: Figures in large brackets [] are t-statistics and in () level of significance

Sources: Authors' Calculations

Table 7 shows impact of Income from tourism (In millions) on Economic growth (in Rs. millions). Results of estimations assert that value of D-W statistics (i.e.0.634) is less than the two (2) and confirm that problem of auto-correlation in given data has been checked. High values of R-square (0.861) and adjusted r-square (0.841) claims that more than 80 per cent of total variation is explained by tourism expansion. The p-value is found to be of 0.00 and highlights that regression coefficient is significant at 0 per cent level. In overall, statistics show ideal model fit. Value of Regression Coefficient has found to be 1.971 which is statistically significant at 0 per cent level. This confirms positive elasticity of economic growth with tourism expansion in Jammu and Kashmir. Moreover high value of r-square (0.861) also indicates towards positive correlation between economic growth

and tourism expansion. Therefore, it is concluded that tourism expansion has significant impact on economic growth in Jammu and Kashmir during the study period.

IX INFRASTRUCTURE DEVELOPMENT

Tourism and development of infrastructure are interrelated sectors in the sense that better infrastructure, will provide the way for more tourism related activities. [23] Lack of infrastructure is among the main causes of underdevelopment of tourism. Development of infrastructure includes good infrastructure facilities, better sanitary conditions and more intake capacity during peak seasons and proper human resource development. [24] As per the recent economic survey 2013 - 14, there are 1508 registered hotels and restaurants in the state apart from 84 tourist bungalows and huts, generating around 8 % of GSDP. The Govt. is taking all possible steps and making all efforts to develop world class tourism infrastructure at tourist destinations and circuits. [25] Development of national and internationally important destinations and circuits through three Mega Circuits i.e. Buddhist Circuit for Leh ii) Sufi Circuit for Kashmir and iii) Spiritual Circuit for Jammu agreed to by Ministry of Tourism, Govt. of India is a judicious mix of cultural, heritage, spiritual and eco-tourism to give tourists a holistic view about J&K. [26]

X TOURISM AND REGIONAL DEVELOPMENT

Tourism acts as a catalyst in the development of backward and far flung regions of a particular area. Development of tourism will lead to the progress in rural / backward regions (**Smith 1989**). It is often seen that most of the scenic & beautiful destinations of a country are located in the backward areas which have a significant contribution in the economic development of these areas through the development of local industries. Same is the case of J&K where tourists are attracted towards the areas which are located in remote regions of state like Lolab and Bangus valley in Kupwara, Suru valley in kargil, Daksum valley in Anantnag, Gurez valley in Baramulla, which are known for their scenic beauty and charming climate and for greater tourist potential than those offered by famous destinations like Gulmarg, Pahalgam and Mughal gardens among the likewise. Tourists visiting such unexplored attractive spots can give fillip to the economic condition of the residents by promoting local art like Handicrafts, Handlooms and Cricket bat industry. It is estimated that handicrafts (Paper machie, Wood carving, Pashmina shawl) in J&K generate a revenue of more than Rs.1000cr with about 4 - 5 lakh artisans being employed in this sector [27]

XI STRENGTHS OF J&K TOURISM

Scope of tourism in J&K is better than many states of the country. There are many factors responsible for the huge potential of tourism in J&K. Some of them are listed below.

1. Rich Culture, Heritage.
2. Three distinct Regions with diversity VIZ; Ladakh, Jammu and Kashmir.

3. Flora, fauna, lakes, mountains, pilgrimage places, springs, palaces, monuments, horticulture, handicrafts, shawls etc. had make the state a major attraction for visiting the state.
4. Kashmir is the Heaven: Switzerland of India/Asia.
5. Kashmiri people are hospitable, hospitality in their nerves.
6. Various kinds of tourism available to be exploited. J&K is a suitable destination for several other types of tourism which are yet to be exploited like Adventure tourism, Medical tourism, Eco-tourism, Polo tourism and Leisure tourism.
7. Local people experienced due to past tourism booms.
8. High Awareness of J&K as Tourist Paradise.
9. winter sports available here.
10. Golf courses of International standard.
11. Tourism generates employment, though it is difficult to measure or calculate the employment generation as these jobs are scattered across many sectors and cannot be identified without a proper survey. However, according to some rough estimates, 20 percent of people get direct and indirect employment from Tourism Sector.
12. Handicrafts of J&K like pashmina shawl & paper machie is famous in the whole world. J&K is also well known for its Cricket bat industry.
13. The local residents of J&K have lot of experience in tourism related activities. It is evident that J&K tourism has vast potential by looking through the prism of strengths which can out way the weaknesses like unexplored destinations, low govt. Spending, poor infrastructure and security concerns provided the strengths and opportunities are properly maintained.

XII. WEAKNESSES

1. Jammu and Kashmir is a high cost mountain economy and has a number of characteristics that poses special developmental challenges.
2. It suffers from limited capacity in the public and private sectors.
3. Tourism policies are there but not effective.
4. Underdeveloped destinations.
5. No proper/ poor connectivity.
6. Low awareness level.
7. Low/Poor promotional activities.
8. Less Government Spending.
9. Economy dependent on Tourism.
10. Poor Coordination between departments.
11. Stress only on few developed sites.
12. Low time spending.

13. No diversion of tourists from specific tourism to other type of tourism.
14. Less tourist's diversion to new places.
15. No sufficient tourism research.
16. No capacity building of stakeholders for better services.
17. Complacency and non-customer friendly.
18. No Accountability in Financial Matters and Services.
19. No Accountability in Financial Matters and Services.
20. Lack of Training Infrastructure and Hospitality Industry.

XIII. OPPORTUNITIES

1. The lush green forests, snow clad mountains, sweet springs, perennial rivers, picturesque alpine scenery, great cultural heritage sights and pleasant climate of Kashmir valley wait for making the state an Internationally acclaimed tourist destinations.
2. Can cater to almost all Tourist Tastes.
3. High returns from tourism industry.
4. Development of Circuits.
5. Unexploited to a good extent.
6. Pilgrimage Circuits.
7. Package tours.
8. Higher spending of people on recreation, entertainment.
9. Linkage with specific circuits in other states.
10. Professional approach.
11. Government role as care taker and facilitator.
12. Customer oriented and friendly.
13. The state has sufficient potential to exploit for more and more revenue generation from tourism sector.

XIV. THREATS

1. The State is situated on seismic Zone which is vulnerable to natural disasters like earthquakes. Natural disasters cause high volatility in its State Domestic Product and can reduce the arrival of tourists.
2. The state has witnessed a two decade long turmoil, making it difficult to maintain law and order situation which lead to high growth in administrative/security related expenditures, besides, resulting in loss or opportunities for growth of economy and generation of employment.
3. Security.
4. Competition.
5. Diversion of tourists to other safer places.
6. Better facilities from competitors.

7. Low information dissemination, access and training.
8. Non awakening of Government, complacency.
9. Non treatment of tourism as service industry.

XV. SUGGESTIONS FOR IMPROVEMENT

From the above findings it is clear that tourism is an important sector of development for J&K economy but there are some weaknesses which if sougheed out properly could become main strengths of J&K tourism. Following are some of the suggestions with regard to the future development of tourism in J&K.

1. The first and the foremost thing in this regard would be to have a well-documented tourism policy because J&K does not have a tourism policy which should give equal rights to all the stake holders involved in tourism related activities like local people, private sector and NGOs.
2. As tourism is mainly a private sector driven industry, it is important for J&K govt. to act as a facilitator and not a regulator with respect to tourism.
3. Infrastructure development with regard to tourism is lacking. We do not have enough space in hotels and resorts to handle the tourist rush in peak seasons, transport facilities are meagre and sanitary conditions are pathetic. So there is a need for proper maintenance and development of infrastructure in J&K.
4. 'Institute of Hotel Management (IHM), Srinagar, is playing a crucial role in imparting training to the local residents and hence enhancing their skills which matchup with international standards. There is a need to open more such institutions which will provide proper training to the local people engaged in tourism related activities like guides, tour operators and chefs etc so that they may be better equipped in handling tourist inflow.
5. There are number of unexplored tourist destinations in J&K because of which it is also known as, "Paradise Unexplored". Such new unexploited attractive destinations need to be explored more and more.
6. J&K tourism needs enough measures to provide proper security to tourists so that a sense of safeness will be felt by the tourists.
7. J&K is one of the best destinations with regard to some new areas which include Adventure tourism, Medical tourism, Polo tourism etc which needs to be explored and thus giving a new sense of hope to tourism.
8. Most of the tourist destinations with lot of tourist potential are occupied by Indian armed forces thus incurring a heavy loss on govt. exchequer and environment. State should make sure that such tourist spots are not misused at any cost by anyone.
9. State should take steps to revive the traditional Handicrafts sector via new innovative methods which will regain its old reputation in the international arena.
10. All the new projects, having an impact on tourism and environment should be carried out in a sustainable way without damaging the fragile ecology of the state.

XVI. CONCLUSION

The study reveals the role and performance of tourism sector in J & K Economy. Jammu and Kashmir has been turning out to be a service sector economy in terms of relative share of this sector in GSDP which is accounted as almost 48 per cent on an average during study period and this sector has also registered highest growth rate. Tourism comes out as one of the important sectors of Jammu and Kashmir economy as it constitute significant portion of overall GSDP (7.37 per cent) and services sector GSDP (12.50 per cent) both in terms of value and share, however contribution has been declining consistently. Tourism has been outperformed by other sectors of economy as it has registered lowest growth in comparison with agriculture, industry and service sectors. Declining contribution in GSDP and lowest growth rate of tourism related activities in the state reveal disappointing performance this sector during the study period. Besides its disappointing performance in J&K economy, trends within the sectors are bit encouraging as there is an increasing tendency of domestic as well as foreign tourist arrivals in Jammu and Kashmir during the study period. However domestic tourist arrival registered higher growth than that of foreign tourist arrivals. Domestic tourist arrivals constituted significant portion of total tourist arrivals in Jammu and Kashmir. Analysis also unleashes performance of various state departments/organisations involved into tourism activities in the state and established that all the departments and organisation have registered manifold increase in revenue earned from tourism during study period. Only two organisations namely J&KTDC and CCC constitute more than 90 per cent share of revenue generated from tourism. Moreover, pilgrimage tourism has come out as one of important tourism among other types in the state.

Econometric analysis reveals bi-directional causality between economic growth and tourism and confirms that economic growth has significant impact on tourism expansion in Jammu and Kashmir during the study period and vice-versa. Tourism industry has vast potential for generating employment and earning large amount of foreign exchange besides giving a stimulus to the country's overall economic growth. Having potentialities and capabilities of tourism activities to expand, study makes a strong case to give appropriate attention at state policy so that it can contribute more significantly in J&K economy in terms of income and employment.

It is evident from the above summary that tourism has been an important source of economic development for J&K economy from over several decades and will continue to be a significant contributor in future also because of the changes taking place on both demand and supply sides. Supply side changes are due the growth of new areas like Adventure tourism, Science tourism, Spiritual tourism and Medical tourism. Moreover the factors which increase its scope from demand side include, change in the standard of living, rise in disposable income, late marriages, long leisure time and better education. Owing to the growth of tourism industry in J&K, economic parameters like employment, income, infrastructure and competition will improve, leading to the entry of new products in the market and thus resulting in better services and more satisfaction to the people of the state as a whole. Several plans and programmes have already been framed for tackling these challenges, successful implementation would be critical to accelerate them. All the stakeholders whether from centre or state should work in a coordinated manner and effective measures need to be taken in exploring strengths and

reducing weaknesses, thus providing new opportunities to the state in becoming an attractive tourist destination all over the world.

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